GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2766
ANSWERED ON:17.12.2004
FLOW OF CREDIT TO AGRICULTURE SECTORS
Rao Shri Sambasiva Rayapati;Saradgi Shri Iqbal Ahmed

Will the Minister of FINANCE be pleased to state:

(a) whether a map prepared recently by the Reserve Bank of India`s advisory committee on flow of credit to agriculture has identified the tribal belt in Orissa and Madhya Pradesh, Andhra Pradesh, Western Rajasthan and all North Eastern States as the regions where the credit institutions are the weakest;

(b) if so, whether the Government has received the recommendations of the committee; and

(c) if so, the steps the Government proposes to take to implement the suggestions made in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) to (c): The map prepared by the Adwdry Committee on Flow of Credit to Agriculture and the Related Activities from the Banking System (Vyas Committee) has identified parts of Orissa, Madhya Pradesh, Rajasthan, Chattisgarh, Jharkhad, Bihar, J & K, West Bengal and the North East as areas where both Regional Rural Banks (RRBs) and Cooperatives are comparatively weak. A Task Force under the chairmanship of Prof A Vaidyanathan has been constituted by the Government to recommend an implementable action plan for reviving and strengthening the rural cooperative banking institutions and to suggest an appropriate regulatory frame work. The report of the task Force is expected to be submitted by 31st December, 2004. As regards, Regional Rural Banks (RRBs), the government has informed the sponsored banks that they will be held solely accountable for the performance of the RRBs sponsored by them. RRBs that adopt a new governance standard and that abide by the prudential regulations will qualify for receiving funds from the Government for their restructuring.